



**Sales and Use Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.dornc.com**

**IMPORTANT NOTICE:
EXPIRATION OF THE PRIVILEGE TAX IMPOSED ON
QUALIFYING DATACENTER MACHINERY AND EQUIPMENT**

The privilege tax imposed on certain machinery and equipment purchased by a qualifying datacenter pursuant to N.C. Gen. Stat. § 105-187.51C expired for sales occurring on or after July 1, 2015. **At the time of publication of this notice, draft legislation is under consideration by the General Assembly that, if enacted, may re-enact or retroactively extend the sunset date for the privilege tax imposed under N.C. Gen. Stat. § 105-187.51C, or provide other tax benefits to datacenters.** In the event new legislation is enacted, the Department will issue a new notice as soon as possible.

Effective July 1, 2015 purchases or sales of datacenter machinery and equipment by or to an owner of a datacenter, or a contractor or subcontractor of an owner of a datacenter, are subject to the general 4.75% State and applicable local and transit rates of sales and use tax.

The privilege tax was imposed on the owner of a datacenter that met the requirements of N.C. Gen. Stat. § 105-187.51C(a1), or a contractor or subcontractor that had a contract with the owner, and that purchased machinery or equipment to be located and used at the datacenter and that would have been capitalized for tax purposes under the Code and was used for either:

- (1) For the provision of datacenter services, including equipment cooling systems for managing the performance of the datacenter property; hardware for distributed and mainframe computers and servers; data storage devices; network connectivity equipment and peripheral components and systems.
- (2) For the generation, transformation, transmission, distribution, or management of electricity, including exterior substations and other business personal property used for these purposes.

Assistance

Questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent that there is any change in statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.